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interest, is contrary to reality in a capitalistic society. In a society in which land is free, since the capitalist is compelled to apply his capital with his own labor, he may consent to employ additional laborers who produce decreasing returns. Not so in a capitalistic society, however, for as soon as labor declines in productivity in his own enterprise he lends his superfluous capital.

In the third place, the capitalist could not afford to pay marginal laborers their entire product without a distinct loss to himself — the interest on the advances which he makes in the payment of the additional labor. Clark depends, Loria thinks, upon altruism to influence the capitalist to make so bad a bargain. Granting that wages correspond to final productivity, it is wages that fix final productivity, not productivity that fixes wages. For does not the rate of wages decide how far it will pay to employ labor? The idea of a stationary fund of capital with a changing supply of labor is absurd. The proportions in which labor and capital may be profitably combined are fixed by immutable physical laws. Any such variation in one factor would mean a positive loss. Finally, the product of a marginal unit of labor is not the product of pure labor, since without capital labor would produce nothing.

Such criticisms as these are sufficient to convince the reader that, of the critics who have undertaken to dispose of the *Distribution of Wealth* without understanding it, Loria displays the highest originality. The greater part of the volume, however, is constructive; and the reader will hardly find that part either as clear or as logical as the analysis of Professor Clark's work outlined above. As to the value of the theory expounded, the author says :

The vast and various complex of facts and of doctrines that spontaneously group themselves about my central theory and are logically deduced from it, in my opinion, demonstrates in unimpeachable manner the fundamental truth of the system to which the impartial study of phenomena has led me.

ALVIN S. JOHNSON.

BRYN MAWR COLLEGE.

Bankpolitik. Von DR. WILLIAM SCHARLING. Jena, Gustav Fischer, 1900. — xii, 371 pp.

This book is based upon lectures delivered to the students of the University of Copenhagen. Its purpose is to furnish, not only to students, but also to practical men who have no special economic training, a correct understanding of the nature of banking and of

the most important questions connected therewith. It is, therefore, neither an exhaustive treatise nor a mere text-book, but occupies a position midway between the two. Dr. Scharling has accomplished his purpose with unusual success. The style of his book is clear and simple. It is remarkably free from long and involved sentences, from abstract discussions and from those peculiarities of style which often render German books difficult and oppressive to foreign readers. It is also singularly free from the elaborate and ponderous footnotes which are usually found in German treatises.

A very large proportion of the book — 274 out of 371 pages — is devoted to the history of banking in Great Britain, France, Germany, the United States, Denmark, Sweden and Norway. The author justifies the employment of so much space in the elucidation of this phase of the question, on the ground that the most important principles and problems of banking, as well as the most important theoretical questions, are best revealed in the history of banking institutions. The only criticism which can properly be passed upon this portion of the book is, not that it occupies too much space, but that it does not include a discussion of several important phases of banking history and experience. In omitting the banking history of Canada, for example, the author lost the opportunity of describing a banking system which combines in a remarkable degree the advantages of centralization and of decentralization, while at the same time protecting note holders without sacrificing elasticity. The history of banking in Austria-Hungary and Italy, which is barely touched by Dr. Scharling, offers the best possible opportunity for the elucidation of the injurious effects of inconvertible government notes upon the business of banking and commerce in general.

The first part of the book contains an admirable exposition of the nature and functions of banks. The gradual development of the use of deposits as a form of currency and their great relative importance at the present time is admirably shown, as is also the nature and uses of checks and bills of exchange. It would be difficult to refer a student to any book in any language in which a better and clearer account of this part of the subject could be found. The extent to which bank currency has economized the use of coin is treated by Dr. Scharling in a much more scientific and careful manner than by most text-book writers. By means of a careful analysis of the actual need for different forms of currency, reinforced by statistics drawn from a wide range of banking experience, he has shown that, on the one hand, the claims of certain advocates of

bank currency regarding its possibilities as a substitute for coin are greatly exaggerated and, on the other, that the further extension of the use of deposits as currency in most European countries and of banking institutions in more backward countries will effect a still further decrease of the proportion of coin to other forms of currency employed — without, however, diminishing the actual amount employed or without preventing a constant increase in the demand for the precious metals. Special attention should also be called to the admirable way in which Dr. Scharling analyzes deposits, in order to explain the uses to which they may be put by bankers.

The third part of the volume is devoted to a discussion of monopoly *versus* free banking and of private *versus* state banks. Dr. Scharling treats these questions in a purely concrete manner, by contrasting the relative advantages and disadvantages of the great European systems with those of the United States and certain European countries, such as Denmark and Sweden, in which the principle of free banking has been partially applied. While, in Dr. Scharling's opinion, the balance of advantage is on the side of free banking, he shows clearly that both systems have their good and their bad features, and that it would not be well to apply either system universally. At the same time, he emphasizes the fact that the tendency manifested in nearly all European countries toward the establishment of central banks with special privileges, including a monopoly of note issues, is due more to political than to economic influences. He also shows that the principle of centralized monopoly banking almost necessarily involves state banking. While the ownership of the property of privileged institutions may without difficulty remain in private hands, their control almost inevitably falls into the hands of public officials. Dr. Scharling concludes, therefore, that the evils arising from direct official interference in the affairs of banking are almost necessarily involved in the monopoly system.

On account of the constituency for which Dr. Scharling prepared his book, he very properly considered it best to place theoretical questions in the background and to treat them concretely whenever they necessarily enter into the discussion. Accordingly, the currency and banking theories are treated in connection with the history of the Bank of England, and particularly with a discussion of the act of 1844. The theory of credit is scarcely touched upon at all, the function of banks as intermediaries in the saving and investment of capital being presented in a purely concrete way. The quantity theory is also omitted from the discussion, as the author had no

occasion to employ it in his treatment of the problems connected with the various phases of the banking business.

WM. A. SCOTT.

UNIVERSITY OF WISCONSIN.

National Conference on Taxation, under the auspices of the National Civic Federation. Held at Buffalo, New York, May 23 and 24, 1901. — 185 pp.

First Biennial Report of the Wisconsin State Tax Commission. Madison, 1900. — 174 pp.

First Annual Report of the Board of State Tax Commissioners (of Michigan). Lansing, 1901. — 160 pp.

Report of the Revenue Commission of Colorado. Denver, 1901. — 62 pp.

Report and Bill of the Kansas State Tax Commission. Topeka, 1901. — 113 pp.

Preliminary Report of the West Virginia State Tax Commission. 1902. — 45 pp.

Report of the Committee on State and Municipal Taxation of the Chamber of Commerce of the City of New York. Submitted October 4, 1900. New York, 1900. — 36 pp. Do. Submitted December 20, 1900. — 12 pp. Do. Submitted January 3, 1901. — 12 pp. Do. Submitted May 2, 1901. — 14 pp. Do. December 5, 1901. — 4 pp.

The interest in matters of tax reform continues unabated and is witnessed by the large number of reports mentioned in the preceding list. Of these, easily the most interesting and the most important is the *Proceedings of the National Conference on Taxation* at Buffalo. The conference was largely due to the efforts of Mr. R. M. Easley, the active secretary of the National Civic Federation, who found a ready response throughout the country to his suggestion that a national conference be called. Delegates were appointed by the governors of almost every state of the union, and the conference was attended not only by students of the problem on the theoretical side, but more especially by the men who are engaged in the actual administration of the revenue laws of the different states, as well as by representatives of the important interests subject to taxation. As a consequence, the papers were varied and interesting; and the proceedings were enlivened by an active discussion in which almost